

Adm-13.6
DDS&T-024-73
3 January 1973

MEMORANDUM FOR: Planning Officer, OSA
Planning Officer, OSP
Planning Officer, ORD
Planning Officer, OEL
Planning Officer, OSI
Planning Officer, FMSAC
Planning Officer, OCS
Planning Officer, [REDACTED]
Planning Officer, Special Projects Staff

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SUBJECT: FY 1975 Program Bulletin No. 2

1. Attached to this memorandum are your copies of the FY 1975 Program Call. This year's exercise will be quite similar to the FY 1974 Program but there are some major differences and refinements. Principal among the additions are Part II, Resources by Program Objective; Part IV, Productivity Data; and Part VII, ADP Plans. These and other sections of the Program have varying application to the S&T offices.

2. We are still in the digestion and discussion stage on the Program Call and feel you will wish a few days to accomplish the same task. Hence, we intend to hold our Planning/Budget Officers Meeting on Monday, 8 January 1973, at 1400 hours in the DD/S&T Conference Room (6-E-60). In addition, to the Planning and Budget Officers, your Executive Officer and/or Administrative Officer is invited to the meeting.

3. We realize there is a limited amount of work that can be done on the FY 1975 Program prior to reception of the FY 1974 Congressional Budget Mark. The Mark is currently held up until the FY 1974 Personnel Reduction and the Monetary Reduction exercises are resolved. These are separate actions but, of course, codependent. No one in O/PPB can advise us of a potential date on the Mark. Our only alternative is to start our spade work on the Program and do whatever formatting we can in anticipation of the Mark.

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Attachments

[REDACTED]
Comptroller
Directorate of
Science and Technology

DD/S&T
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SUBJECT: FY 1975 Program Bulletin No. 2

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PROGRAM

CALL

FY 1974 - Program Execution Plan

FY 1975 - Program Estimate

*Office of Planning,
Programming, and
Budgeting*

Central Intelligence Agency

December 1972

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Section I. GENERAL

Program plans will be submitted for all activities which require Agency resources,

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A Directorate Program Submission will consist of seven parts: (I) Directorate Program Memorandum; (II) Resources by Program Objectives; (III) combined Program Execution Plan for FY 1974 and Program Estimates for FY 1975; (IV) Productivity Data; (V) Financial Analysis; (VI) Summary of Funds Received or Anticipated from Other Government Agencies; and (VII) ADP Plans.

Several new or revised data elements will be required again this year. These include the development of objectives, priority indicators, performance evaluation indicators, and productivity data.

The basic guidance for estimating resource requirements for the FY 1975 Program Estimate will be the statement of DCI objectives. For comparative purposes, the FY 1974 Program will be shown. The FY 1974 Program Execution Plan will be the base used for recording and discussing changes in resource estimates for the FY 1975 Program.

Programs which are expected to use Support Directorate resources must be coordinated with appropriate Support offices in time for them to include and relate these requirements in their responses to this Call. Particular attention should be given to program proposals involving personnel or organizational modifications, training requirements, floor space acquisition or reconfiguration, construction, procurement and supply, communications, security matters, and facilities needed for ADP processing.

Program Submissions are due in the Office of Planning, Programming, and Budgeting by 30 April 1973; four sets of all materials are required.

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In preparation for the DCI Planning Conference in June of 1973, hearings will be scheduled during May. In anticipation of hearings, attention will be given to the following:

A. Manpower needs. Components should be prepared to explain and justify their manpower needs (both staff and contract) in terms of priorities, workloads and productivity.

B. Funding requirements. Components should be prepared to discuss FY 1973 base costs and accomplishments, the FY 1974 Execution Plan, and Estimates for FY 1975.

C. Performance measurement. Emphasis will be placed on program/project results in measurable terms, that is, what are we getting for our resource inputs? What is the relationship of a quantifiable input to a specific output? What is the significance of the product? What is its priority, its value, and what is its cost?

Components should be prepared to cite recent evaluations of the performance of programs or projects resulting from internal or external review or audit.

Instructions for the submission of information required for Agency compliance with the Consolidated Intelligence Resource Information System (CIRIS) will be issued as a supplement to this Program Call if necessary.

Contents of Program Submissions

Part I: Directorate Program Memorandum

The Directorate Program Memorandum is intended as the vehicle by which a Deputy Director communicates to the Director in plain and concise language, the primary objectives, trends, and thrust of his overall program. The Memorandum should address: (1) significant new or declining activities; (2) performance evaluations toward achievement of current and projected objectives; (3) anticipated problems; (4) requirements which could result in major reprogramming or requests for releases from the Agency's Reserve for Contingencies during FY 1974; (5) currently pending or anticipated decisions on new or changing activities for which the primary resource impact on the Agency will occur beyond the program period under

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consideration, i.e., FY 1976 and beyond; and (6) changes in resource needs for FY 1974 and FY 1975. "Boilerplate" language for each project or category is not wanted. The Deputy Director should highlight only what he views as important to the Director. Detailed responses to questions and issues can be handled in the hearings.

The Program Memorandum of the DD/S&T will also comment on the status of the Agency's R&D program in accordance with the responsibilities assigned to him in the Executive Director-Comptroller memorandum dated 8 March 1972, subject: Research and Development.

Deputy Directors are encouraged to require similar Program Memoranda from their subordinate Office/Division Chiefs for their review and use in formulation of the Directorate program proposals.

Part II: Resources by Program Objectives

Resources assigned to the achievement of the DCI and the Directorate objectives will be estimated at the Program Level II and will be reported in accordance with instructions in Section VIII and Exhibit D.

Part III: Program Execution Plan for FY 1974 and Program Estimates for 1975

A combined Program Execution Plan for FY 1974 and Program Estimates for FY 1975 will be prepared and submitted for each Program Level II Agency component (independent offices, offices, and divisions). The component submissions will be structured to reflect resource requirements applicable to discrete activity entities (cost centers) for management purposes. These may be current or modified FAN accounts or FAN aggregates based on DCI, DD or office/country objectives. Where new FAN accounts are to be used or where present FAN accounts are to be aggregated in some new way, Directorate recommendations of the specifics of the new activity account centers will be submitted as soon as convenient for ExDir approval with implementation of the new account centers in the FY 1975 Program Submission and on 1 July 1973 for actual accounting of 1974 obligations.

The Execution Plan for FY 1974 and Program Estimates for FY 1975 will be reviewed concurrently and final decisions on specific

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plans, issues for further analysis, and resource levels for both years, will be made simultaneously. When acted upon by the Director, this will constitute:

1. An approved Program Execution Plan for FY 1974.
2. An approved program and resource plan for FY 1975 which will constitute guidance for the preparation of component budget requests for inclusion in the Agency's budget submission to OMB in September 1973.

Man-Years. Staff man-years of effort (Average Employment) will be reported for each applicable FAN account.

Priority. Each listed FAN account (or FAN aggregate) to be given an index of Priority as defined in Section V.

Performance Evaluation. Each listed FAN account (or FAN aggregate) is to be given an index of Performance Evaluation as defined in Section VI.

Submission Formats. See Section VIII.

Part IV: Productivity Data

A conscientious effort will be made to report productivity level changes (+ or -) where data is readily available or easily developed. In any case, every program manager is expected to address himself to the issue of isolating activities amenable to productivity measurement and to initiate action necessary to assure response to this requirement.

Part V: Financial Summary

A financial analysis summary for each component will be submitted (Exhibit E).

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Part VII: ADP Plans

See Section VIII.

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Section II. TRENDS SUMMARY

The Agency's priorities are a key element in the continuing effort to maintain and to strengthen the relevance of our activities to national policy and especially to those decisions that establish national policy. The broadening of policy interests has become apparent in recent years and presents a very real problem of focus for the Agency, whose resources have decreased and may continue to decrease. To achieve this focus, there is a vital need for the development of practical techniques for measuring program priority, program performance, program value, and productivity.

Sketched out below are four different categories of intelligence topics--with some observations on the kind of effort and attention each of the four is likely to require. The categories selected and the topics within them are not, nor are they intended to be, definitive or comprehensive, but they are illustrative of where and how the shifts in priority might occur.

A. Some classic subjects of high priority which are likely to continue. Early warning of possible attack on the US, Military capabilities and intentions of the Soviet and Chinese, the foreign policies of these two (and other) major world powers--these are examples of intelligence concerns which are fundamental and will require continuing priority attention. But they will have to be considered increasingly in the framework of a world power structure which has shifted considerably in the past decade, and will certainly change further in the next decade. The relative simplicity of the bipolar world of the 1950s is giving way to the complexity of a multi-sided structure in which the US and the USSR will continue to play basically adversary roles as superpowers;

[REDACTED]

[REDACTED] China will be seeking more deferential treatment as a political rival of both the US and the USSR; and Western Europe (to the degree that it develops political cohesion to match its economic power) will take an increasingly independent stance. Still a further complication in these shifting relationships is the growing tendency of lesser powers to act in conflict with--or in defiance of--great power influence.

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B. Some relatively new tasks which are likely to demand high priority attention in the years ahead. The signing of the first Strategic Arms Limitation Agreement in May 1972 adds two new dimensions to the ongoing responsibility of US intelligence to provide information on Soviet military capabilities: the verification of Soviet compliance; and the need for better information about qualitative changes in weapons systems. If new, more comprehensive arms limitation pacts are made in the next few years, the problem of verification will grow considerably. Under any circumstances, the urgency of the demand for qualitative information will be greater than ever before. At this stage, US intelligence [REDACTED]

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[REDACTED] the new Soviet ICBMs and SLBMs likely to go into service over the next several years. A critical assignment for US intelligence over the next decade will be to discover important Soviet developments early enough, and assess them accurately enough, to enable US countermeasures to be adopted. [REDACTED]

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[REDACTED] Yet, it is this sort of development which could alter the strategic balance in ways adverse to the US.

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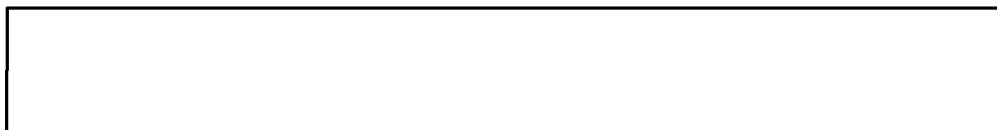
In the case of China, it is clear [REDACTED] that by the later 1970s it could be in a position to deploy an ICBM which would reach the continental US, and it could by then have an operational nuclear-powered ballistic missile submarine. Solid information on these and other Chinese military-strategic developments [REDACTED] but the gathering and assessment of bits and pieces will be important.

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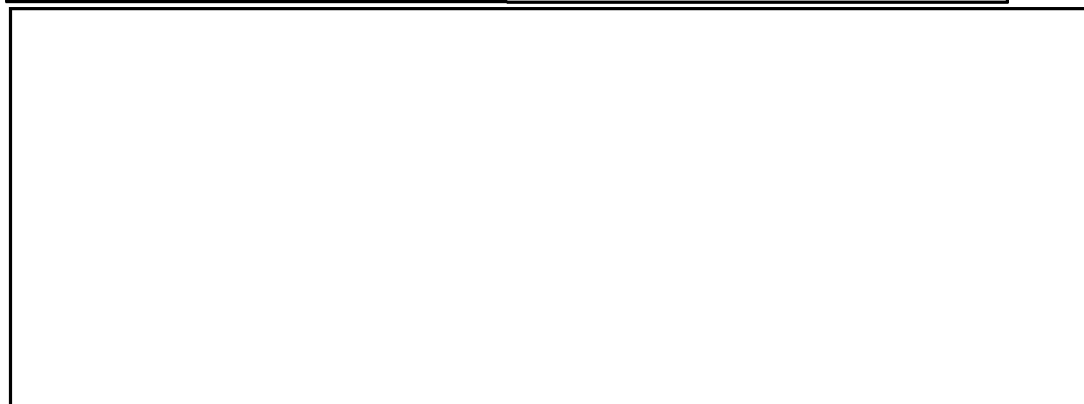
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A whole range of topics under the general category of environmental problems is now only on the fringe of intelligence concern, but is likely to claim a higher priority by the late 1970s. Some environmental matters of domestic origin and impact will be handled by specialized agencies, but damage to the oceans, changes in the composition of the atmosphere, and chemical accumulations in humans and animals are of global interest. What this means for consideration of environment as a legitimate, or a critical, intelligence task depends largely on how the deterioration of the environment is perceived in the years ahead and what the reaction of other countries will be. If the dire warnings of the ecologists are substantially borne out, the issue will be one of national survival, and the talents and resources of US intelligence will be called on to assist in national or inter-national efforts.

The very recent involvement of US intelligence in the curbing of the international drug traffic is illustrative of the kind of new intelligence function likely to develop in this decade. Despite improved techniques of control, the drug trade is likely to persist, and this will mean further exploitation of liaison relations with foreign governments, new methods of monitoring the agricultural areas where narcotic plants grow, and a refinement of analytical skills in tracing trade patterns.

D. Some instances in which the relative priority of familiar tasks and topics may decrease. In black Africa,

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Latin America and Southeast Asia over the long run, the need for detailed intelligence on conventional types of political, military and economic topics will probably drop off considerably. The US will not be much affected by orderly (or even abrupt) changes of government in most Third World countries, in which military figures and civilian politicians scramble for power. Nor will there be as much interest in fringe movements, even of far leftist coloration, unless they develop significant insurgent capabilities and pose a threat to governments of major states. In these areas of the world, there will be less demand for [REDACTED] reporting, except on topics and issues which come to rank high in US priorities (e.g., new political or military arrangements with the USSR or China, economic actions harmful to the US).

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Section III. OBJECTIVES

In the FY 1975 Program each command level will identify selected objectives and provide a base against which to measure the degree to which achievements are realized. This will stimulate the attention of line officials at all levels to activities and programs that are of particular interest to the highest levels of the Agency and the United States Government.

A secondary reason for identifying selected objectives at each command level is to provide a broader information base for relating projections of resource requirements to important intelligence programs. These objectives will provide the basis for evaluations of program effectiveness and cost-benefit relationships. This will be essential for assessing resource allocation and distribution levels to be included in future Presidential and Program Execution Budgets.

The Director's Objectives express specific accomplishment or improvement levels expected of the Directorates by or before the end of the program year, unless revision of these Objectives is requested and approved by the Director. Subordinate levels must devise and define the specific actions which will be taken to attain the level of achievement assigned or as defined by the Directorate and approved by the Director.

Program proposals will be reviewed to assess whether they are likely to achieve the objectives at a justifiable cost.

Directorates are reminded that while a high level of emphasis will naturally be afforded the Director's Objectives and those derived therefrom, they do not necessarily include all of the priority activities of the Agency. Some activities or programs may retain a high priority status, but be sufficiently understood so that they do not need to be included in a set of selected objectives. These should be specifically identified in the Program Submission, to justify the level of resources requested.

In this context the following DCI Objectives are assigned to Directorates as indicated for the FY 1974-1975 time frame:

[Objectives distributed separately to each Deputy Director]

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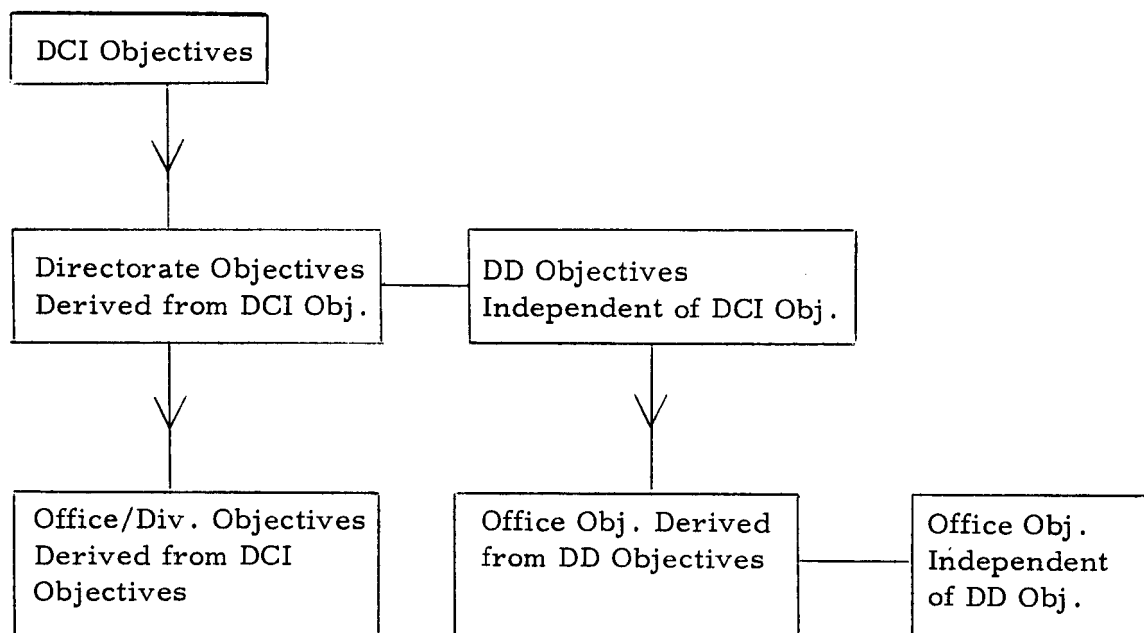
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Deputy Directors will define and codify supporting objectives assigned to subordinate program managers in order to measure their degree of achievement of the Director's Objectives. Subordinate objectives will reflect specific actions and levels of achievement expected.

Deputy Directors will also define and establish a series of selected objectives supplemental to the Director's Objectives. Both those objectives derived from the Director's Objectives and those objectives established independently by the Deputy Director will be forwarded by the 15 of January 1973 for approval by the DCI. (See Exhibit A.)

DCI and DD objectives will, of course, impact on Offices, Area Divisions and Staffs. A third hierarchy of objectives may be developed by Heads of Components--those evolving from (1) DCI objectives; (2) independent Deputy Director objectives; and (3) independent objectives of the component.

The hierarchy of selected objectives can be shown schematically as follows:



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Office objectives need not be forwarded for approval at the DCI level, but will be forwarded for information purposes as a part of the Program Submission due 30 April 1973.

Each Deputy Director will report the techniques or methods (e.g., milestones, productivity measures, quarterly evaluations, etc.), which will be used by the Directorate to evaluate progress toward achievement of these objectives.

The attainment of many of these objectives, as well as those at subordinate levels, will depend in varying degrees upon cooperation and support across Directorate lines. Therefore, it is expected that each Deputy Director will assure that knowledge of Directorate planning is available to other affected Directorates and components throughout the Program preparation process including the planning pertinent to Directorate and Office-level objectives.

The Program Submissions of each unit, Office/Division and Directorate will be reviewed to determine:

1. The extent to which they reflect a viable effort to achieve the Director's objectives through the allocation of resources so that achievement can be expected.
2. The extent to which they reflect additional objectives and propose the allocation of an appropriate level (neither inadequate nor excessive) of resources for those purposes.

The Annual Report of each unit--Office/Division and Directorate--will be expected to indicate the level (qualitatively as well as quantitatively) of accomplishment of these objectives. The Annual Report will also be used as the starting point for subsequent Program Submissions, to avoid the need for a review of past performance as part of future Program Submissions.

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Section IV. PROGRAM STRUCTURE

A modified approach to the Agency program structure is being initiated. It is not possible, however, for the existing computer programs to accommodate this structure immediately; therefore, components will input data under the existing "Program Category" and Budget Control (FAN) account structure in the same manner as last year. O/PPB will rely on the present computer printout capabilities to present the data to conform as closely as possible to the "new" program structure. By 1 July 1973, required computer programming modifications will be completed. In some cases changes in the Budget Control (FAN) account level may be necessary in order to assure the proper accumulation of data. It may also be desirable to initiate new types of FAN aggregates in order to provide activity entities (cost centers) which are meaningful for management purposes.

In the future, the program structure will form the basis for reviewing resource priorities, and performance data in a manner which equates program with organization (or project) and the program manager with the organization (or project) manager. It is sub-divided into program levels which represent succeeding organizational levels and, at the lowest level, projects or other similar level activity entity, if applicable. In short, to qualify as a program at any level, an activity must have an identifiable manager who is responsible to a higher command level for the performance of his program(s). (See Appendix A.)

In order to respond to external (OMB and Congress) demands for information on the basis of "kind or type," an activity descriptor breakdown similar to the former "Program Category" structure must continue to be applied to the program structure. (See Appendix B.) The descriptor breakdown will consist of four broad divisions together with sub-divisions into which all activities of the organization can be codified, at least to Level II, and in many cases, to Level III and below. Each Program will be assigned the descriptor(s) at a level which best describes the nature of the program. The Activity Descriptor Structure as described in Appendix B is tentative and will be refined through discussions with the Directorates.

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Section V. PRIORITY INDICATOR SYSTEM

Each program activity will be classified and assigned one of five descriptive priority statements. It is emphasized that these are indicators only and do not reflect final or irrevocable evaluations which will stimulate arbitrary programmatic decisions concerning resource levels or the net value of the activity.

Each activity, program, or project against which resources are budgeted, allocated and expended will be assigned the indicator which best represents the Level II program manager's view of the activity (Exhibit B). It is understood that the priority indicator represents the priority as of the date of the Program Submission and may be changed at any time during the program year.

Priority Indicator Structure

<u>Priority Level</u>	<u>Indicator</u>
A. A responsibility, activity, or project whose purpose or main effort <u>directly</u> seeks to achieve a specific objective assigned to the Agency from the Office of the President; or to the Directorate from the DCI; <u>or</u> which is <u>vital</u> to the national security of the US.	"1"
B. An activity directed against a particular objective assigned by a Deputy Director (CIA) or requested by a USIB member agency.	"2"
C. An activity supporting, with more than 50 percent of its available resources, one or more activities assigned priority 1 or 2 above.	"3"
D. An activity not related to an activity assigned priority 1, 2, or 3 above but <u>considered important</u> to US interests <u>and</u> which cannot be abandoned or curtailed without demonstrable near-term impact on US interests.	"4"

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Priority Level

Indicator

- E. An activity having a degree of importance and utility, but where a reduction would not have serious near-term impact on an activity assigned priority 1 or 2 above, particularly if some loss in product quality or output were acceptable.

"5"

The appropriate Priority Indicator will be inserted at the lowest Program level applicable in order that it will be available for review and analysis as required along with resource planning and expenditure data for the program execution year and the budget year. (Since the present computer system cannot accommodate priority indicators, components will insert the appropriate indicators manually.)

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Each program activity will be assigned one of five descriptive statements representing the Level II program manager's best judgment of the degree to which the activity met its planned goals and objectives during the preceding year (Exhibit B). It is emphasized that these are indicators only and do not necessarily reflect a conclusive evaluation which will stimulate arbitrary programmatic decisions concerning resource levels or the net value of the activity.

Evaluation Indicator Structure

<u>Performance Level</u>	<u>Indicator</u>
A. The activity or project is measurably exceeding planned performance levels.	"A"
B. The activity or project is meeting planned performance levels.	"B"
C. The activity or project is not meeting planned or anticipated performance levels due to reasons and factors (technological, operational, etc.) beyond the control of the Agency.	"C"
D. The activity is not meeting planned performance levels for reasons over which Agency management has some control.	"D"
E. An activity--usually newly initiated or planned--for which performance data is not yet available.	"O"

The appropriate Performance Indicator will be inserted manually at the lowest Program level applicable in order that it will be available for review and analysis as required along with other resource planning and expenditure data for each of the three years in the normal planning and budgeting cycle, i.e., past year.

In future years, this performance indicator will be assigned at the time of the submission of the Annual Reports.

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Section VII. PRODUCTIVITY

In view of the government-wide interest in measuring the productivity levels and changes for Federal employees, it is necessary to initiate efforts to isolate all those activities in the Agency where an evaluation of the productivity by conventional methods, i.e., units of output per man-year, will provide meaningful information. It is well understood that the Agency is involved in many activities which involve, in effect, "one-of-a-kind" products providing no rational basis for output measurement. On the other hand, there are many areas not atypical of other agencies where we can develop data pertaining to productivity. Some Directorates and Components will have more of these types of activities than others. Each Directorate will have some.

Each Program Submission will include a special schedule which provides productivity data concerning changes between FY 1972 and FY 1973 if it is available. If not available, each Program Submission will indicate those activities which will be examined to determine whether productivity measures can be developed in anticipation of a hard requirement for such information in next year's Program Submission (Exhibit C).

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Section VIII. DATA CONTENT AND FORMAT

General Statement on Data Inputs

The automated Budget Control System will be used for inputting resources on an Agency-wide basis. Data will be provided in the same manner as in last year's Program Submission since the new Program Structure and Activity Descriptor approach cannot be fully implemented until required computer programming has been completed.

DCI and Directorate Objectives

Directorate submissions will indicate approximate positions and/or man-years as well as funds utilized or planned in support of the DCI and the DD Objectives. Fiscal Years 1974 and 1975 resources should be displayed to Program Level II within the Directorate (Exhibit D).

Operating Program for FY 1974 and Program Estimates for FY 1975

Computer printouts will display data in the Budget Control System on an organizational basis, indicating the positions, average employment and funds for Fiscal Years 1973, 1974 and 1975 down to the FAN level. Space will be left for offices to insert manually the priority and performance evaluation indicators as specified in Sections V and VI. Targets need not be reported at this time. The CIRIS data base will be used for evaluation of resources against targets for 1973 and 1974.

Where an office or Directorate wishes to reprogram funds within the FY 1974 Congressional Budget level for operating purposes in 1974, changes will be made to the Budget Control data base to effect the change in plans. Otherwise, the computers will print the Congressional Budget figures, which will be considered to constitute the 1974 execution plan as described in the Director's Program Execution Procedure memorandum of 25 September 1972 (Exhibit B).

Where reprogramming of the 1974 Congressional Budget does occur, submissions should describe the significant reprogramming involved.

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